

# Highlights

Internal Audit Report to the  
Board of Supervisors

## Why We Did This Review

Citizens in unincorporated areas and smaller cities and towns depend on the Library District's 3 regional and 14 branch offices for their library services.

Our primary objective was to review controls over Library District operations (\$22 million) and the construction of the White Tank Library and Nature Center (\$8.6 million).

The audit focused on the Library District's management of its key contracts, critical information technology, asset (book) disposal, and cash handling.

We conducted this review as part of our FY 2011 Board of Supervisor-approved audit plan.

## What We Recommended

We recommended internal control improvements over:

- Contract procurement and oversight
- Information Technology
- Surplus book disposal
- Cash
- Fee waivers



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## Library District

### Controls Over Contracts and IT Need Improvement

## What We Found

Procurement documents for the contracts we reviewed were mostly in compliance with requirements; however, contract oversight could be improved. The Library Materials and Services contract was complex and vendor invoices did not contain key information needed by library staff to easily monitor compliance with pricing provisions. This resulted in overbillings and unused credits. Almost all costs (99.7%) associated with the White Tank contract were billed in accordance with contract terms.

We also found the Library District lacked formal information technology policies, procedures, and processes, which has resulted in ad hoc processes and users with inappropriate levels of system access.

Library District Audit—Summary of Results	
Area Reviewed	Findings
Library Materials and Services Contract	<ul style="list-style-type: none"><li>• Procurement documents were complete</li><li>• \$81,000 in vendor overpayments and accumulated credits were found</li><li>• \$96,000 could be saved by purchasing rather than leasing DVDs</li></ul>
White Tank Construction Contract	<ul style="list-style-type: none"><li>• Procurement and contract pricing requirements were mostly followed</li><li>• Controls over vendor evaluations, contract solicitation, and use of restricted funds can be improved</li><li>• \$30,000 was overbilled by the vendor</li></ul>
Information Technology	<ul style="list-style-type: none"><li>• Formal policies, procedures, and processes do not exist for some key IT functions</li></ul>
Disposal of Surplus Books	<ul style="list-style-type: none"><li>• Formal agreements with the Friends of the Library groups do not exist</li></ul>
Cash Controls	<ul style="list-style-type: none"><li>• No material cash shortages were found</li><li>• Bank reconciliations were complete</li><li>• Policies were not always followed</li></ul>
Fee Waivers	<ul style="list-style-type: none"><li>• 71% of the fee waivers reviewed did not have management approval as required</li></ul>

We appreciate the excellent cooperation received from Library District management and staff while conducting this audit.